

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION SUBCOMMITTEE ON LOCAL GOVERNMENT

Call to Order: By **SEN. KEN MILLER**, on March 21, 2001 at 9:00 A.M., in Room 350 Capitol.

ROLL CALL

Members Present:

Sen. Ken Miller, Chairman (R)
Sen. Chris Christiaens (D)
Sen. Bill Glaser (R)

Members Excused: None.

Members Absent: None.

Staff Present: Leanne Kurtz, Legislative Branch
Mary Gay Wells, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 409, 3/18/2001

Executive Action: HB 409 Amended

{Tape : 1; Side : A; Approx. Time Counter : 0}

HEARING ON HB 409

CHAIRMAN KEN MILLER brought the meeting to order. He stated that one set of amendments had been offered **EXHIBIT(10564a01)**. The amendments came from **Mary Whittinghill, MT Taxpayers Assoc.** He asked her to explain the amendments.

Mary Whittinghill, MT Taxpayers Assoc. The amendments allow increases in medical insurance premiums after July 1, 2001 to be allowed outside the mill levy limitation. It would require a public hearing for proposed mill levy increases outside

15-10-420. There would be restrictions of moving any of the existing medical insurance premium costs, currently in the general fund, outside the mill levy limitation.

SEN. CHRIS CHRISTIAENS had a question for **Gordon Morris, MT Assoc. of Counties**. Would this occur without a public hearing? He thought all budget hearings open to the public with date, time and place advertised. **Mr. Morris** said that was correct. Currently, counties are required to have hearings during the budget setting sessions.

CHAIRMAN MILLER assumed that MACO would not object to that particular statement. **Mr. Gordon** said no, but that it was redundant.

Motion: **SEN. CHRISTIAENS** moved that the subcommittee **ACCEPT THE PROPOSED AMENDMENT BY MT TAXPAYERS ASSOC. (EXHIBIT 1) BE ADOPTED.**

Discussion:

Gordon Morris, MACO, spoke in opposition to the amendment. He was opposed to the proposal of limiting it to increases beginning after June 30, 2001. That did not recognize the inequity from the standpoint of those counties that had to literally absorb increases from the past one or two years.

SEN. CHRISTIAENS asked how would this affect the previous two fiscal years. **Mr. Morris** said it would not have any impact on anything that happened prior to July 1, 2001. So those counties that already have had 85% increases this past year would be left out as far as taking care of those deficits.

SEN. MILLER offered that the counties could take it to the people for a vote. **Mr. Morris** answered that was correct. He wanted the bill left as it stood and trust the counties.

Tom Schneider, MT Public Employees Assoc. He agreed with Mr. Morris. If all local governments were equal, this amendment would be fine. There are local governments at all levels with differing degrees of tragic situations. This amendment would not allow those counties to deal with their drastic reserve losses.

CHAIRMAN MILLER supported the motion. His concern was the legislature will get rapped on the knuckles for busting I-105 and that followed by I-125 asking for everything to be put to the vote of the people. There is still that option of going to the voters to make this inequities equal. That is not an easy route, but it is there to do. When mill levies go up, local governments say the legislature did it.

Commissioner Bill Kennedy, Yellowstone County. He offered the thought of backing the date off to two years. That would give the counties the opportunity to go back two years and then they would have those limitations that the amendment is proposing.

CHAIRMAN MILLER said that would make the date July 1, 1999. He asked **Ms. Whittinghill** what she thought of the suggestion.

Ms. Whittinghill answered that again their concern was that some sort of cap on the mill levies was necessary.

SEN. CHRISTIAENS asked for an explanation of the amendments. **Mr. Kennedy** explained that amendment #4 reads "beyond the amount of contributions in effect on July 1, 2001." That means next year's budget year. In effect, that would not allow local governments to recoup some money for the deficits they have already experienced. They would have to start from July 1, 2001 and go forward. **Ms. Whittinghill** does not want the counties to supplant all the dollars held in the insurance fund and move that to the general fund and levy the full amount. The taxpayers would not want that either. As a compromise, if the committee would go back two years and let the counties get their feet on the ground. He did not think the counties would try to supplant the entire amount.

SEN. CHRISTIAENS asked which portions of the amendments need to be adjusted. **Leanne Kurtz** answered the #4 and #7 would need to be corrected.

Motion: **SEN. CHRISTIAENS** moved a **SUBSTITUTE MOTION TO ADOPT THE AMENDMENTS WITH CHANGES IN #4 AND #7 TO READ: EFFECTIVE ON JULY 1, 1999.**

Discussion:

SEN. BILL GLASER asked the committee and the commissioners to be judicious in their comments in public. The public gets the idea that local government and the legislature are not partners. All are elected officials by the same people and they should work together and not hurt each other. They should communicate with each other with respect and honesty, not with mistrust.

Vote: Motion **carried unanimously.**

CHAIRMAN MILLER spoke to the people in attendance. He apologized for the rushed meeting. Each Senator had other meetings to attend. He asked them to stay on and see if they could find some solution or solutions.

SEN. CHRISTIAENS said the reason he wanted this group to get together was to talk about the crisis he feels Montana is facing. He hoped the group could talk about where Montana is going in the health insurance and prescription business and put some type of lid on these rising costs whether it be through better use of stop-loss coverage or whatever. Maybe the Insurance Commissioner's office would have some ideas. He hoped they would stay awhile and see if there were some ideas available.

SEN. CHRISTIAENS had just attended a hearing on SB 441. That is a study of the Montana Health Care Association (MHCA) and he was confident that bill would pass. That study, though, will take over two years and it deals only with MHCA. Prescription costs are rising at a horrendous rate. The experts are here in the room as well as some of the folks who are having the problems. He hoped that between the two groups, they could come up with some ideas that could be included in the study or the Local Government Committee could even try for a late entry bill or resolution that would address this issue.

CHAIRMAN MILLER thanked **SEN. CHRISTIAENS** for his statements and was in agreement. He believed that next session, the big issue will be health care and health insurance like it had been in 1995. These serious issues are being overshadowed by energy and education.

SEN. CHRISTIAENS stated that he had been invited to a meeting on April 5-6 in Blaine, WA. The tier states are meeting with the Canadian provinces on the possibility of forming a consortium of states to purchase prescription drugs in a cooperative agreement. There may be some hope on the horizon.

Commissioner Bill Kennedy spoke of a bill in the House that would have requested prescription drugs be looked at with the possibility of buying in bulk for mental health which would have saved the state about \$4 million. The administration came back with a fiscal note that was outrageous. He also had attended the MACO meetings and they talked of buying in bulk. States are doing it all over the country and it is reducing costs. The problem is the state has to get out of the "box" and get the state administration to start looking at the dispensing of prescription drugs and how it is being done considerably cheaper. It can be done and some states are doing it right now through health clinics.

CHAIRMAN MILLER closed the meeting.

ADJOURNMENT

Adjournment: 9:30 A.M.

SEN. KEN MILLER, Chairman

MARY GAY WELLS, Secretary

KM/MW